



Office for  
Small & Family  
Business

# AI Capability Pilot Program Guidelines

The AI Capability Pilot Program (Program) will equip South Australian small and family businesses (less than twenty (20) full time equivalent employees) with the tools, skills and confidence to implement Artificial Intelligence (AI) solutions.

The Office for Small and Family Business within the Department of State Development (the Department) invites proposals from eligible existing service providers for the provision of services and supports to eligible small and/or family businesses (referred to in these Guidelines as participants, or Program participants) to implement AI solutions through a program delivery model.

The Program will overcome common barriers to AI adoption – cost, time, and capability – through a model with tailored one-to-one support. Service providers are encouraged to propose how they would structure delivery, engage participants, and ensure tangible results. Proposals should demonstrate value for money, leverage existing resources, and build lasting capability within the small and family business community, reflecting the pilot nature of the Program and show how learnings will be captured to inform future program scale-up.

The selected Delivery Partner(s) will provide individual and dedicated support to participants in the design, development, and implementation of customised business plans / strategic roadmaps focussed on AI customisation to meet their business needs.

## Program Objectives

Over the period of participant engagement, the Program objectives include:

- Improved awareness of AI capability
- Improved understanding of current AI tools for increased productivity and profitability
- Supporting eligible businesses to understand and overcome AI adoption barriers
- Increasing skills, knowledge and confidence to use AI tools safely and ethically
- Building AI and cyber capability for Program participants that contributes to business productivity and sustainability
- Developing AI and cyber maturity for eligible businesses
- Unlocking real business outcomes for participants, such as time savings, improved accuracy, or enhanced customer service, while building a scalable model that can be expanded if successful
- Provide equitable access and support to the Program for underrepresented business owner groups including regional businesses, First Nations people, women, small business owners living with disability, and culturally and linguistically diverse business owners.

## Eligibility

Applicants must meet the following eligibility criteria:

- Be based in, and have been operating in, South Australia for more than two (2) financial years
- Be registered for goods and services tax
- Have an active Australian Business Number
- Be able to demonstrate experience in supporting small and family businesses in building their AI capabilities
- Have demonstrated capability and capacity to service these participants over a two-year delivery period, across South Australia, with ability to extend if required
- Be able to demonstrate knowledge of content and proven methodology that support small and family businesses in building their AI capabilities
- Provide evidence of outcomes from AI support provided to small and family businesses.

Please note that State and Commonwealth government agencies are ineligible to apply.

Applicants who qualify as a 'not-for-profit entity' (as set out in [PC 044 South Australian Funding Policy for the not-for-profit sector](#)) must ensure their request for funding in their application is inclusive of indexation as required by the [Department of Treasury and Finance](#).

Delivery Partner(s) are expected to deliver all components of the Program and may engage affiliated mentors/coaches to assist in delivery of services. Applications must include details of any third parties intended to be engaged to deliver the Program, or be partnered with, including organisational name, details of previous experience with similar work, key personnel, qualifications, explanation of dispute resolution processes and evidence of costs.

Delivery Partner(s) will be required to monitor and provide monthly and periodic reporting on performance measures, including key performance indicators (KPIs) and metrics as agreed with the Department, to be stipulated in any grant agreement or grant deed. Among other things, any grant funding is conditional on the recipient meeting agreed reporting, milestones and outcomes (see 'Contracting Requirements' below).

This Program will also provide tailored support to business owners facing additional challenges including women, those living in regional areas, people living with a disability, First Nations and culturally and linguistically diverse people.

The Proposal should address the Program objectives and include, but is not limited to:

- Structured programs
- Tailored support and advisory services for participants (one-to-one)
- Mentoring and coaching programs to support the development of customised business plans / strategic roadmaps focussed on AI planning and implementation with measurable objectives and outcomes
- Regular program evaluation.

Applications will not be considered where:

- Retrospective funding is sought
- Other funding sources are considered or deemed to be better suited
- The application does not align with the Program objectives
- The application is duplicative of another or existing initiative without increased demand or required capacity
- The applicant already received a grant from other sources for the proposed initiative to be funded through this Program (including funding from the South Australian or Commonwealth Governments)
- Any other reason as determined by the Department.

## Funding Available

Funding of up to \$370,000 (ex GST) over eighteen (18) months from 2025-26 to 2026-27 (the delivery period) is available to the selected delivery Partner(s) to support the delivery of this state-wide Program commencing in January 2026. Delivery must be completed and any expenditure incurred by 30 June 2027 (subject to demand and budget availability).

Delivery Partner(s) will be required to demonstrate co-contribution(s) to the Program. The co-contribution amount, project management, administration and marketing costs will be assessed as part of the value for money assessment criteria (see 'Assessment Criteria' below).

Program participants are expected to make a financial co-contribution to be included in the Program.

## Eligible Expenditure

Program funding can only be used to cover costs directly associated with the delivery of this Program. These costs include:

- Salaries and consumables
- Hire of facilities to deliver the services
- Fees to professional service providers at arm's length from the applicant (i.e., with a third party)
- Costs associated with the development and production of resources directly related to the delivery of this Program
- Program administration
- Promotional activities and business engagement directly associated with the initiative
- Other costs outlined in the proposal document if approved by the Department.

The following expenditure is excluded:

- Costs for catering and alcohol
- Retrospective funding (i.e., any costs incurred or paid before the execution of a grant agreement or grant deed as described in 'Contracting Requirements' below as well as prior to or in preparing an application or proposal to the Program)
- Purchase of capital equipment or land
- Financing, leasing, interest or insurance costs
- Costs for accredited training or course delivery
- Core business operations or business-as-usual activities
- Any activities not directly and wholly related to the delivery of services under this Program
- Any other costs as determined by the Department.

Funding will be awarded for proposals up to the total delivery period with the ability to extend into the future if required.

## Application process

**Applications close at 5pm (ACDT)  
on Friday, 5 December 2025**

Applicants are required to contact the Program Manager via email at [OSFBPM@sa.gov.au](mailto:OSFBPM@sa.gov.au) no less than four (4) business days before the closing date with a summary of their proposed initiative.

In your email (no more than 1000 words), please provide:

- A brief description of your organisation's experience and capability in supporting small and family business owners with AI solutions, including qualifications of personnel involved, number of businesses supported, workshops and mentoring sessions delivered, and summary of content delivered through previous programs and outcomes delivered for participants in previous programs
- An outline of the proposed initiative including method of delivery, the criteria used to accept participants into the Program, the number of workshops, group sessions, mentoring/coaching sessions etc. to be provided. Please include program structure and hours of support
- An estimate of how many participants are expected to participate in the Program, and explain any assumptions made, including unit costs per participant
- Anticipated outcomes the initiative will deliver based on the Program objectives to Program participants
- Your (the applicant representative's) email address and phone number.

Applicants may then be invited to submit the proposal with an application form by the closing date, in the form required by the Department, including such evidence, information or documentation as the Program Manager requires confirmation that they meet the eligibility criteria for the Program.

A detailed budget aligned with the delivery of the Program will be required to be uploaded with the proposal. You may also be required to provide financial statements and reports to demonstrate financial viability to deliver the project/initiative (see 'Assessment Criteria' below).

Applicants are encouraged to contact the Program Manager with any questions regarding the eligibility of a proposed initiative.

## Assessment Criteria

The Delivery Partner(s) will be selected through a competitive grants assessment process.

Applications will be assessed against the Assessment Criteria by a panel of staff or representatives (Assessment Panel) selected by the Department:

- Demonstrated knowledge of the challenges for established small and family businesses in South Australia to adopt AI, demonstrated experience supporting established small and family businesses with AI solutions, including experience of third-party providers, and mentors/coaches engaged and capacity and capability to identify needs of participants and deliver the Program
- Program structure, demand for the initiative, the criteria used to accept participants into the Program, delivery methodology, tailored and/or tiered methods to achieve the Program objectives and planned hours of engagement
- Financial position of the Service Provider applying for a grant
- Value for money, including anticipated number of businesses supported through the program, total hours of and types of services delivered, and proposed Service Provider co-contributions and participant co-contributions
- Geographical reach and impact to diverse business-owners/cohorts and the extent of availability of the initiative across the whole of South Australia with program places made available to regional, First Nations and culturally and linguistically diverse participants
- Anticipated outcomes, benefits and impact for participants or flowing to South Australia more generally.

The Assessment Panel may consider other aspects it regards as relevant when assessing applications and may request additional information, if required, to undertake the assessment.

All applicants will be notified via email regarding the result of their application. Applicants should note that irrespective of eligibility and merit, there is no guarantee that an offer of funding will be made.

## Contracting Requirements

To access grant funding, a successful applicant will be required to sign a formal agreement in the form of a grant agreement or grant deed with the Minister for Small and Family Business (Minister), which stipulates the obligations of the applicant and the conditions under which the grant is to be given.

The agreement or deed will stipulate tranche amounts under which the grant will be paid tied to performance milestones/KPIs. While applicants will be asked to propose amounts/tranches as part of their proposal, the Department and Minister reserve the right to offer funding at a different level than that sought, in instalments at their discretion or not at all.

No approval of an application, nor any notification to an applicant that their application is successful, nor any invitation to negotiate will be effective to constitute a contract or to create any legitimate expectation unless such an agreement or deed is executed by both parties.

Please note that any applicant will be required to repay funding or part of any funding where there is a breach or non-completion of the agreement or deed.

The successful applicant(s) will be advised of the full contracting process (including reporting, invoicing and acquittal processes) during negotiations to finalise the agreement or deed.

## Eligible Participants

Program participants will need to meet the eligibility criteria as agreed between the Delivery Partner(s) and the Department (to be stipulated in the grant agreement or deed) in order to access services or funding under the proposed initiative.

Participants accepted into the Program and to receive services from the Delivery Partner(s) must be identified as:

- A South Australian business
- Having an active Australian Business Number (ABN)
- Being registered for GST
- A non-tax-exempt business
- Assessed as having sufficient foundational knowledge to participate in the Program
- Have potential for AI gains in accordance with the Program objectives
- Capable of making a financial co-contribution to join the Program.

In addition to program delivery, it is expected Delivery Partner(s) will:

- Perform pre-work/research into relevant markets/cohorts/regions/businesses to identify potential Program participants
- Collect analytics for participating businesses (and other data) for various purposes.

## Reporting

The successful Delivery Partner(s) will be required to report on their initiative's progress, performance and impact, monthly and periodically throughout the Program and up to twelve (12) months after conclusion of the Program.

KPIs will be negotiated with the successful Delivery Partner(s)

Delivery Partner(s) will be required to survey Program participants to gather data for qualitative and quantitative reporting purposes at various stages of the Program (start to post-completion).

Reporting will include the outcomes achieved, activities undertaken, summary of participant data, including demographics, evidence of expenditure of grant funding, lessons learned (analysis), case studies, business impacts, other materials and/or approaches for evaluating and scaling up beyond the delivery period.

## Public Disclosure

It is the intent of the government to be transparent with regards to financial assistance provided to industry. Program details, estimated and actual economic outcomes, the amount of funding, case studies and other pertinent information are intended to be made public, subject to the South Australian Government's (State) consideration of any commercial and public interest factors.

## Additional Information

The Minister and Department reserve the right to amend these Guidelines including application terms at any time.

Decisions on all matters relating to the awarding of grant funding and proposals under this Program is at the absolute discretion of the Minister and/or the Department. This includes the right not to award any grant funding, or award a lesser amount, if the Minister and/or Department deems appropriate.

Please note that applicants must retain all records required for assessment purposes under the Program until five (5) years after the closing day for applications.

## Privacy and Information Policy

The Department complies with the South Australian Government's Information Privacy Principles Instruction ([PC 012 - Information Privacy Principles Instruction](#)). The Department collects information (including personal information), as reasonably necessary for the purpose and functions of:

- Administering the Department's grants and funding programs
- Keeping applicants informed about the Program, relevant upcoming events, grant funding initiatives and outcomes, our services, special events, client feedback surveys, as well as our activities in general
- Improving the Department's websites and other services.

The collection and use of information by the Department extends to use of such information by the Minister for the purposes as outlined above.

Any information contained in or relating to an application and any other associated evidence, documentation or information, including information identified by an applicant as confidential information for the purposes of applying for funding under this Program may be disclosed by the Department, or used by the Department:

- To its employees, advisers, or third parties in order to manage the Program (including but not limited to, for the purposes of evaluating and assessing the application) or any other grant funding programs of the State
- For the purposes of verifying any information contained in your application – the Department may provide information to other agencies or third parties
- For the purpose of economic, policy or other modelling, including sharing with third parties, consultants or advisers engaged by the Department for that purpose
- For due diligence, monitoring, reporting and audit purposes
- Within the State where this serves the legitimate interest of the Department
- In response to a request by the House or Committee of the Parliament of the Commonwealth of Australia or South Australia

- For training, systems testing and process improvement, including compiling statistics and reports
- If an application is successful, for promotion of initiative activities and outcomes
- Where information is authorised or required by law to be disclosed
- Where the information is already in the public domain.

## Disclaimer

No responsibility for any loss or damage caused by reliance on any of the information or advice provided by or on behalf of the State or for any loss or damage arising from acts or omissions made, is accepted by the State, its instrumentalities, officers, servants or agents.

## Copyright

By applying to the Program, applicants will be taken to:

- License the State to reproduce for the purpose of this process, the whole or any portion of application or proposal despite any copyright or other intellectual property right that may subsist
- Transfer ownership in the documents and any other materials constituting the application to the Minister on behalf of the State.

## Freedom of information

Applicants should be aware that all documents in the possession of the State, including those about this grant opportunity, are subject to the *Freedom of Information Act 1991* (SA) (FOI Act). Information submitted in applications and all related correspondence, attachments and other documents may be made publicly available under the FOI Act. The FOI Act gives members of the public a legally enforceable right to apply to access documents – subject to certain exemptions – held by government agencies, local government authorities, statutory and regulatory bodies and South Australian universities.

